

## Message Text

UNCLASSIFIED

PAGE 01 BONN 08147 131103Z

64

ACTION COME-00

INFO OCT-01 EUR-12 ISO-00 EB-07 AGR-10 CIAE-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-02 FRB-01

OMB-01 L-03 /054 W

----- 102392

R 131051Z MAY 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8846

INFO AMEMBASSY BERLIN

AMEMBASSY LONDON

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USMISSION EC BRUSSELS

UNCLAS BONN 08147

E.O. 11652: N/A

TAGS: ETRD, GW

SUBJECT: REGULATIONS AFFECTING FABRIC EXPORTS

REF: STATE 102746

1. EMBOFF CONTACTED ECONMIN EXPERT FOR TEXTILE TRADE WITH THE EAST BLOC. HE INDICATED THAT TEXTILE TRADE WITH EASTERN EUROPEAN COUNTRIES IS COVERED BY A QUOTA SYSTEM ADMINISTERED BY THE COMMUNITY IN BRUSSELS. EACH COUNTRY MAINTAINS SEPARATE QUOTAS WITH THE FRG BEING THE ONLY COUNTRY TO PUBLISH ITS QUOTAS ANNUALLY.

2. AS PART OF THE EC'S ARRANGEMENT WITH THE EAST BLOC STATES, TEXTILES ENTERING EASTERN EUROPE FOR PROCESSING AND REEXPORT BENEFIT FROM A REDUCTION IN THE CUSTOMS DUTY WHEN THEY ARE REEXPORTED TO THE WEST. THIS REDUCTION IS EQUAL TO THE DUTY  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 08147 131103Z

LEVIED BY THE EASTERN EUROPEAN GOVERNMENT ON THE

UNFINISHED TEXTILES WHICH ENTER FOR PROCESSING.  
THAT IS, WESTERN IMPORTERS PAYING DUTIES ON EASTERN  
EUROPEAN TEXTILES MAY SUBTRACT THE AMOUNT OF DUTY  
CHARGED ON THE UNPROCESSED TEXTILES WHEN THEY WERE  
SHIPPED TO THE EAST BLOC STATE.

3. WHILE THIS MAY GIVE EASTERN EUROPEAN TEXTILES  
SOME ADVANTAGE OVER THE U.S. IN EC MARKETS, OUR  
SOURCE KNEW OF NO ARRANGEMENTS WHICH GAVE WESTERN  
EUROPEAN FINISHED TEXTILES AN ADVANTAGE OVER U.S.  
FINISHED TEXTILES IN EASTERN EUROPEAN MARKETS.  
HOWEVER, UNFINISHED TEXTILES INTENDED FOR THE EC  
MARKET MAY BENEFIT SUBSTANTIALLY SINCE THE ABOVE-  
MENTIONED CUSTOMS REDUCTION APPLIES ONLY TO REEXPORTS OF  
UNFINISHED TEXTILES WHICH ORIGINATED IN THE EC.  
THIS WOULD PROBABLY CLOSE THE DOOR TO UNFINISHED  
U.S. TEXTILES FOR MANUFACTURE INTO CLOTHING AND  
REEXPORT TO WESTERN EUROPE. EC-ORIGINATING  
UNFINISHED TEXTILES, CETERUS PARIBUS, WOULD CARRY  
THE MOST FAVORABLE TERMS BECAUSE OF THE REBATE  
TO IMPORTERS.

4. COOPERATION AGREEMENTS WOULD ALSO APPEAR TO HAVE  
A TRADE-DIVERSIONARY IMPACT ON U.S. UNFINISHED  
TEXTILE EXPORTS TO THE EAST BLOC. EAST BLOC FIRMS  
ENTERING INTO COOPERATIVE AGREEMENTS WITH WEST  
GERMAN FIRMS MAY EXPORT FINISHED TEXTILES TO THE  
FRG WITHOUT REGARD TO THE HIGHLY-RESTRICTIVE FRG  
QUOTAS ON TEXTILE IMPORTS. ECONMIN OFFICIAL  
ACKNOWLEDGED THAT THESE COOPERATIVE AGREEMENTS  
GENERALLY REQUIRE THE EAST EUROPEAN FIRM TO IMPORT  
ITS UNFINISHED TEXTILES FROM THE FRG. CUSTOMS DUTIES  
ARE APPLICABLE IN BOTH DIRECTIONS, BUT THE WEST  
EUROPEAN IMPORTER OF THE FINISHED TEXTILES BENEFITS  
FROM THE CUSTOMS REDUCTION EXPLAINED ABOVE.

5. EC BRUSSELS MAY BE MORE FAMILIAR WITH THE  
TEXTILE MARKETING ARRANGEMENTS BETWEEN THE EC  
MEMBERS AND THE EAST BLOC STATES AND MAY BE ABLE  
TO SHED FURTHER LIGHT ON THIS PROBLEM. WE HAVE  
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BONN 08147 131103Z

REPEATED STATE 102746 TO THEM.  
HILLENBRAND

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTS, CUSTOMS DUTIES, FABRICS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 MAY 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976BONN08147  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760185-0933  
**From:** BONN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760560/aaaabywy.tel  
**Line Count:** 109  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION COME  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 102746  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CollinP0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 02 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <02 JUL 2004 by wolfsd>; APPROVED <19 JAN 2005 by CollinP0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REGULATIONS AFFECTING FABRIC EXPORTS  
**TAGS:** ETRD, EEWT, EPAP, XH, GE  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006